

LOGISTIC MANAGEMENT OF HANDLOOM INDUSTRY

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ABSTRACT

The handloom industry plays an important role in the country's economy. It is one of the largest economic activities after agriculture. According to the Fourth All India Handloom Census(2019-20), the total number of households in India engaged in handloom activities (weaving and allied activities) is 31.45 lakhs. This tradition is prevalent till date and is developed by generation of artist and craftsmen who translate their imagination and visualization into wonderful creation of art. The leverage and development of the industry can only be acquired through diminishing the problems and issues arising in logistic management in this industry. Hence the research paper discusses the various logistic management issues such as Inventory management, transfer of information, the view of time, warehousing, packaging, distribution and transport management, role of information technology, buyer-supplier relationships in handloom industry.

The Handloom Industry in the state is operated through Rajasthan Rajya Bunkar Sahakari Samiti (RRBSS) and Rajasthan Handloom Development Corporation (RHDC). The respondent selected for this study included senior officials (50) of the two handloom government organizations working for the development of handloom weavers in Jaipur District. The data was collected through interview method, observation and secondary sources. The results depicted that handloom organizations were not making wise logistics management decisions. This paper further gives way forward which may support and enable to remove the industries' core issues for sickness starting from sourcing of raw materials to delivery of finished products.

Key words : Handloom, Logistics, Inventory management, Transfer of information

INTRODUCTION

Handloom industry is a traditional and a cottage industry in India. It provides employment to the large section of poor people. The technology of the loom has the advantage of being affordable and accessible to large numbers of people who have no other work option (Goswami & Jain, 2012). However, the role and significance of the industry to the national development is declining. In fact, the industry is facing lot of problems as regards to men, material,

methods, machines, money, marketing and management.

In Rajasthan for the development of handloom industry and weavers in cooperative fold Bunker sahakari sangh is working as an apex organization in the state. It was established in 1957. The main objectives of Bunker sangh was to provide raw material to purchase or receive for sale finished products of the member-societies and sell the same to the best, to arrange for the training of weavers (Samarika, 2001). Another government organization is

Rajasthan Handloom Development Corporation (RHDC) which was established in March 1984. The main objective was to promote aid and assist the growth and development of handloom industry. It works for marketing of handloom cloth in wholesale, retail or for commission. (Memorandum of association, RHDC, 2005). RHDC and RRBSS are state level organizations. Jaipur being the capital city the head offices of these organizations are situated here. It is the central place from where all the managerial decisions are done and implemented throughout the state for the development of Handloom industry. Logistic management is the coordinated set of techniques to plan and execute all steps in the global network used to acquire raw materials from vendors, transform them into finished goods, and deliver both goods & serviceomers. Logistic management helps in increase revenue, improve operating cost structure, reduce overall transportation costs, and improve customer service. In nutshell, logistics has a great potential for improving customer service and reducing costs. Therefore, the present study unfolds certain issues in logistic management of handloom industry and further a way forward is discussed.

METHODOLOGY

The present study was carried out in Jaipur district. Primary data from senior officials (50) attached to the two government organizations i.e. RRBSS (30) & RHDC (20)

was collected. The senior officials were administered with the semi structured interview schedule. Observation method was used to observe the products, exhibition and retail outlet scenario. Secondary data from government reports, newspaper articles was also collected.

LOGISTIC CHALLENGES IN INDUSTRY

There were certain key issues & challenges in logistic management of handloom industry such as inventory management, transfer of information, view of time, warehousing, packaging, role of information technology & buyer supplier relationship.

1. Inventory management : The term inventory refers to the goods or materials used by a firm for the purpose of production and sale. It also includes the items, which are used as supportive materials to facilitate production. The raw material used for handloom weaving is hank yarn. The demand is raised by the govt org. (customer) for certain products to the RRBSS (apex bodies). Then RRBSS purchases the yarn from different central organizations such as NHDC Luknow, Spinfed units (Ganaganagar, Gulabpura, and Hanumangarah) and National Textile Corporation. Payment of the raw material to the yarn providing organization is done in advance. The yarn is purchased in Kgs and on yarn count basis as required by the order. Then the RRBSS supplies the yarn to the cooperative societies as seen in fig 1. The order is given telephonically and by demand letter.

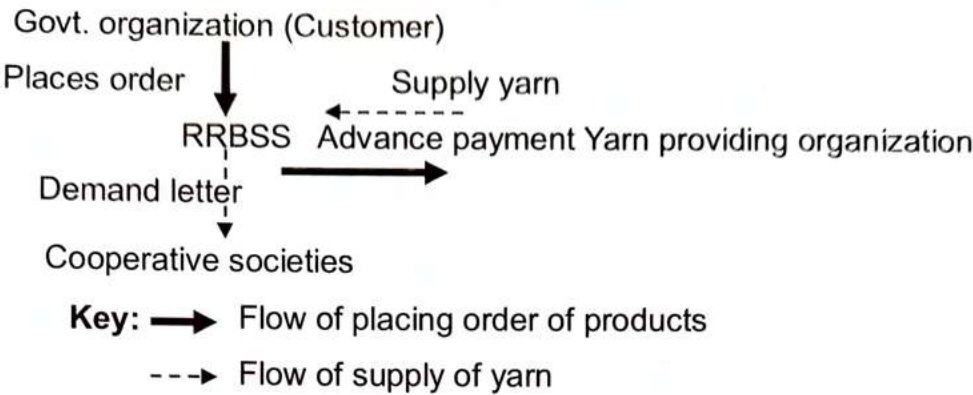


Fig 1: Flow of yarn in government based handloom organization

Views of Upper division clerk of production dept (lower management) as regard to problems faced in yarn procurement: *“No maintenance of buffer stock of yarn. As such, a time lag exists between when organizations place their orders and when the yarn is delivered, frequently upsetting the production cycle. Sometimes expenses have been incurred from the organization without the yarn having been received. This money was lost in corruption in the government structure.”* Observation of the assistant manager under marketing wing (RRBSS) was that the yarn purchase was not done in bulk instead it was done on the basis of order of production which led to losses. As the

organization had shortage of funds for procurement of yarn & above all they were placing the order for yarn from time to time, this increased the cost of the yarn and also the time required to supply the yarn. The bulk purchase would save money & time.

Moreover, the constraints faced by the organization in procuring yarn were quantified as seen in Table 1. They were time lag to reach the yarn from concern organization/yarn bank to RRBSS (66 percent), high priced yarn (66 percent), yarn of poor quality and inadequate quantity (17 percent respectively) and corruption (17 percent).

TABLE 1: Challenges Faced In Procuring Yarn by Staff of RRBSS & RHDC

S.No.		n=30	
	RRBSS	f	%
1	Time lag to reach the yarn from the concern yarn bank or yarn providing organization	20	66%
2	High priced yarn	20	66%
3	Poor quality of yarn	5	17%
4	Inadequate quantity of yarn	5	17%
5	Corruption	5	17%
	RHDC	n=20	
1	The shortage of funds	10	50%
2	Shortage infrastructure for storage of yarn	5	25%
3	Lack of accountability	5	25%

Source : Goswami & Jain (2012)

The reason for these constraints was that the spinning mills were not in the same city and transportation of yarn from one place to another consumes time, and most spinning mills were becoming dormant because of lack of proper financial assistance the other reason may be improper distribution of yarn. Even though new private spinning mills have come up, their focus was more on cone yarn (used in power looms) and exports. Twenty officials of RHDC were interviewed about the constraints faced in procuring yarn. Table 1 shows the responses, these were shortage of funds (10 respondents), shortage of infrastructure, storage of yarn (5 respondents) and lack of accountability (5 respondents).

The RHDC was providing the yarn to the weavers working in clusters. Probing into the situation it was revealed that after July 2007 RHDC stopped supplying the yarn to the individual weavers due to the financial crisis, loss and shortage of staff members. Not only the raw material inventory but the finished material inventory scenario showed the same. Sharma (2011, February 11) reported the scenario of the retail showrooms in article titled "How to get salary from tattered clothes" in *leading newspaper Danik Bhaskar*, p.9. It revealed that four showrooms, one at the head office i.e. Chomu house, Amer, M.I.road, Malviya nagar, Raja park have been closed. Showroom at Amer has heap of age old torn products. The officials in an interview revealed that "*The fabric has become so old that it got torned and no new supply is there*". Above all the compulsion was that the profit earned after selling the products will form their salary. In spite of improving the conditions of existing showrooms investment of lot of money has been done in purchasing shop in Rajasthali showroom at Ajmeri gate. Thus it can be concluded that there was stock piling as there

was lack of inventory management of yarn and finished products. This lead to the monetary losses of handloom organizations.

2. Transfer of information: The transfer of information is also the important work of logistics for smooth running of any organization. Project officer under Chief production officer (RRBSS) consult accounts dept that order has been placed for 100 bed sheets and reports the estimated price & amount of required raw material by checking the previous records. Then finance dept releases fund and further information about order is given to the yarn providing organization telephonically & releasing demand letter. After yarn reaches the head office of RRBSS there is no quality supervisor to check, the only primary requirement considered is the count of yarn. After yarn procurement the selection of cooperative societies is done for the production of certain products. For this also paper work is done manually. The organization had no such option of "One click information". The handloom organizations don't have flat organization structure which creates chaos & confusion. The flow of transfer of information was not effective. Handloom organizations were still using the traditional methods. This resulted in loss of information and increased lead times. There was no use of computers. If the concerned personnel were on leave the work cycle broke. It was revealed by chief marketing officer that organization was not using print & visual media, posters, and neon signs for promoting handloom products.

3. The view of time: It means the ability to respond to the dynamics of the global marketplace and must be quick. Raw materials and components must be ordered and arrive completely, accurately and quickly. At the same time orders must be filled with the same spirit. In the handloom industry the government department gave the order for

the production of specific goods required to the RRBSS/RHDC. The RRBSS/RHDC releases the demand letter of the order to the cooperative society and supplies the yarn to them. After production the cooperative society submits the bill increased by 10% to the apex organization along with the goods. The apex organization supplies the products & the bill to the government department. The government department releases the demand draft to the apex organization, the apex organization keeps the 10 percent of total amount with them and remaining gives to the society (fig.3). This process may take 15 days-3months. The deadlines are given by the govt.dept (customer) for the production but in handloom organization production personnel's are neither computer friendly nor are they motivated to work hard as there is no provision of any incentive. Sometimes there

was delayed payment by the government departments to the apex handloom organization. It sometimes took 6-12 months, which hindered further payments. Transportation was another problem, the organization didn't have adequate facility of transportation to supply the products on time.

4. Warehousing & Packaging: A warehouse is a commercial building for storage of goods. Warehouses are used by manufacturers, importers, exporters, wholesalers, transport businesses, customs, etc. It was observed that there was a square feet hall adjacent to one of the handloom organization (RRBSS) office, which had wooden & metal racks. It was common warehouse for raw material & finished product. The yarn was kept on floor in big boxes and the finished products was kept in the racks and on floor tied with a rope as seen in fig.2

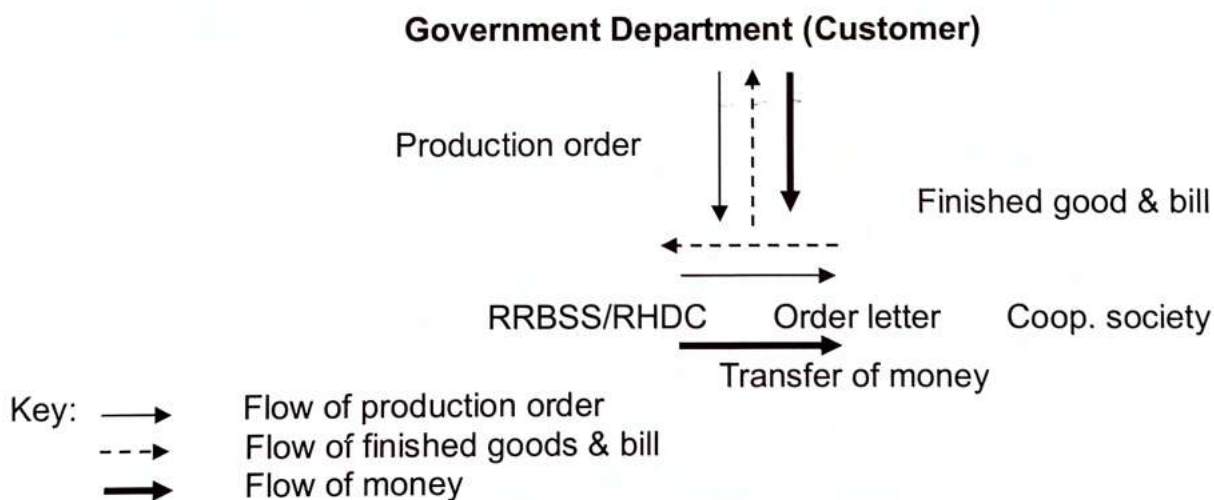


Fig 2: Flow of finished product & money in government based handloom organization

Today good package is regarded as an essential part of successful business practice. Since many potential customers first notice a new product after it has arrived on the shelves of a store, it is vital that the packaging provide consumers with the information they need and motivate them to make a purchase.

In the present study it was observed that the product lacked attractive packaging the customers were not attracted to actually purchase the item. The products didn't have any labeling regarding the use & care of the handloom product.

Perspectives of office superintendent (middle management) as regards to the

product woven: *"The most important element of good product is quality and packaging. The product should reach to big malls. If the presentation of the product is good then only it can be sold. The senior officials don't make an effort to check the quality of the product."*

Middle management officials (RRBSS) raised two issues that the quality & packaging of the handloom product needs to be improved but no quality assessment of yarns, woven fabric and dyeing was done. The senior officials were not fulfilling their respective roles. Though they know that quality assessment of yarns, woven fabric and dyeing should be done still no efforts to improve the quality were carried out.

5. Distribution and transport management

Transporting is required in the whole production procedures, from manufacturing to delivery to the final consumers and returns. Only a good coordination between each component would bring the benefits to a maximum. The transportation facility observed for raw material to be delivered to the co-operative societies and the finished goods to the warehouse and to retail outlets was often delayed.

It was observed by the researcher that there was improper handling of the raw material & finished product. The products were generally tied with the thick rope without being packed to protect against dust and dirt.

6. Role of information technology

The use of IT is considered as prerequisite for the effective control of today's logistic management. Through observation it was revealed that the physical structure of RRBSS office was presentable and only two computers were installed, whereas RHDC office had no computers, least maintained building with age old furniture. The organizations didn't had a website through which information can be generated.

7. Buyer - supplier relationships in handloom industry

Buyer-supplier relationships in the supply chain are one of the most important elements of supply chain integration. To enhance the value in competitive environment, the integration with customers and suppliers has become necessary. Several empirical studies conducted in China support that buyer-supplier relationships have a positive effect on a firm's financial performance (Liu and Wang 2000; Luo 1997; Yeung and Tung 1996)

Besides government departments the other channel where handloom products were supplied is through exhibitions and retail outlets. In the present study the salespersons at the showrooms were not efficient enough to influence the customer. There was lack of interest in the marketing personnel's of both the organizations.

Customers at the exhibition had the opinion that there was not much variety in their products and display was unappealing to the viewers. The products had least designing & innovativeness. There was absence of scientific market research, insufficient budget and improper planning of the promotional activities. Low sales in exhibitions and retail outlets depicted that products were not viable i.e. research on customer need identification was not done. This concludes that the organizations are not responding to market trends quickly.

WAY FORWARD

- The organizations must maintain up-to-date accounting records of the inventory.
- The obsolete stock should be cleared and then only further orders must be given.

- Yarn purchase should be done in bulk.
- Immediate installation of computers is necessary to make the system quick & centralized.
- Market research is a must to know exactly the customer demands. Marketing wing of both the organizations need to be strengthened so as to respond to the needs of the customers.
- The quality control staffs needs to be appointed who assess the counts, blends, strength and length of raw material. The quality assessment of dyed yarns should also be done for colour fastness.
- The product can be displayed with attractive & innovative packaging. It must attract attention, create consumer confidence and make a favorable overall impression.
- Handloom organizations should take expertise from design and product development department and coordinate their efforts.
- Electronic Data Interchange or EDI (in which the transmission of information between the members is done by electronic means) should be implemented. This will help in reducing the lag periods or lead times that are generated while orders are processed downstream in a supply chain.
- The differentiation in distribution channel can be done through online sales through website, marketing personnel's can be consulted, a tie up with boutique owners can be done to sell the handloom products.
- A regular buyer seller meet is required so that the weavers get a platform to market their products.

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